

GOLD: HARMONY



OVERVIEW

	unit	F2018	F2017
Gold produced	kg	38 193	33 836
	000oz	1 228	1 088
Cash operating costs	R/kg	421 260	436 917
	US\$/oz	1 018	1 000
Financial performance			
Revenue	R million	20 359	19 264
Production costs	R million	(14 991)	(14 812)
Impairment of assets	R million	(5 336)	(1 718)
Gross profit	R million	(3 144)	(375)
Net profit/(loss) for the year	R million	(4 473)	362
Total headline earnings per share	cents per share	171	298
Total capital expenditure	R million	4 571	3 963
Market performance			
Average gold price received	R/kg	570 709	570 164
	US\$/oz	1 380	1 304
Market capitalisation	R billion	10.6	9.5

HARMONY GOLD MINING COMPANY LIMITED (HARMONY)

Harmony operates and develops world-class gold assets in South Africa and Papua New Guinea (PNG). It has nine underground mines, one open pit operation and several surface treatment operations in South Africa. In PNG, Harmony operates the Hidden Valley gold and silver mine. Harmony also has a 50% joint venture in PNG with Newcrest Mining Limited, which includes the Wafi-Golpu Exploration Project as well as other exploration properties. Harmony also has additional, 100%-owned, PNG exploration areas. Harmony currently employs approximately 40 686 people (including contractors).

Harmony reported a 42% decrease in headline earnings from R1 306 million to R763 million for F2018 mainly due to a translation loss of R669 million on US Dollar denominated debt at 30 June 2018 and lower derivative gains recognised in F2018 of R99 million compared to R1 025 million in F2017. Headline earnings per share were 171 cents per share compared with 298 cents per share in F2017.

Revenue increased by 6% mainly due to a 6% increase in gold sold (excluding capitalised gold sales from Hidden Valley) with the inclusion of the Moab Khotson operations from 1 March 2018. The average gold price received in Rand terms

(including the gold hedge realised) remained steady at R570 709/kg (F2017: R570 164/kg) while in US Dollar terms, the price received increased by 12% to US\$1 380/oz. The Rand gold hedges are included as part of revenue realised gains of R1 197 million in F2018 (realised gains of R728 million in F2017).

Gold production from the South African operations increased by 14% of which Moab Khotson produced 105 900 ounces (contributing 10% of the increase in SA gold production) for the four months the operation was included in Harmony's asset portfolio (since 1 March 2018). All-in sustaining unit costs were R508 970/kg (US\$1 231/oz), beating the annual guidance of R520 000/kg and the all-in sustaining unit costs of R516 687/kg (US\$1 182/oz) reported in F2017.

An updated feasibility study on Wafi-Golpu was released on 19 March 2018, proposing a larger mine and increased production profile, resulting in a 33% increase in net present value to US\$2.6 billion (applying a real discount rate of 8.5%), (figures represented on a 100% basis).

On 17 July 2018 (after the financial year-end) ARM subscribed for Harmony shares as part of an accelerated book build process.

Harmony's results for the year ended 30 June 2018 can be viewed on Harmony's website at www.harmony.co.za.